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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2008 JAN 24 A 10:50

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
VANCO DIRECT USA, LLC, FOR APPROVAL
OF A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE RESOLD LONG
DISTANCE TELECOMMUNICATIONS
SERVICES AND RESOLD PRIVATE LINE
TELECOMMUNICATIONS SERVICES.

DOCKET NO. T-20404A-05-0599

IN THE MATTER OF THE APPLICATION OF
VANCO DIRECT USA, LLC, FOR APPROVAL
TO INFORM THE COMMISSION OF A
TRANSACTION WHEREBY LLOYDS TSB
BANK, PLC, WILL MAKE AVAILABLE TO
VANCO AND CERTAIN OF ITS AFFILIATES
THE SUM OF 100 MILLION POUNDS
STERLING WHICH WILL BE SECURED BY
THE GUARANTEE OF VANCO, A SECURITY
INTEREST IN VANCO'S ASSETS, AND A
PLEDGE OF VANCO'S MEMBERSHIP
INTERESTS.

DOCKET NO. T-20404A-07-0261

Arizona Corporation Commission
DOCKETED

JAN 24 2008

DOCKETED BY

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PROCEDURAL ORDER

BY THE COMMISSION:

On August 22, 2005, Vanco Direct USA, LLC ("Vanco") filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("CC&N") to provide resold long distance and resold local exchange telecommunications services within the State of Arizona.

On August 29, 2005, the Commission's Utilities Division Staff ("Staff") issued a letter of insufficiency and data request to Vanco. There were no filings in this docket between August 29, 2005, and August 30, 2006.

On August 30, 2006, by Procedural Order, Staff was directed to provide the Commission an update on the status of the matter and indicate whether the matter should be administratively closed.

On September 8, 2006, Staff issued a second letter to Vanco inquiring whether Vanco wished to continue with or withdraw its application for a CC&N.

1 On September 29, 2006, Staff filed an update in this matter recommending that the docket
2 remain open, as Staff had been informed by Vanco's representative that Vanco desired to continue
3 with its application for a CC&N.

4 On October 3, 2006, Vanco filed Responses to Staff's First Set of Data Requests.

5 On February 16, 2007, Staff issued a second letter of insufficiency to Vanco.

6 On April 27, 2007, Vanco filed a letter informing the Commission of a financial transaction
7 through which Lloyds TSB Bank PLC would make available to Vanco and certain of its affiliates the
8 sum of £100 million (approximately \$200 million), which would be secured by the guarantee of
9 Vanco, a security interest in Vanco's assets, and a pledge of Vanco's membership interests. This
10 letter was assigned Docket No. T-20404A-07-0261.

11 On May 15, 2007, Staff filed a Motion to Consolidate Docket No. T-20404A-05-0599 and
12 Docket No. T-20404A-07-0261, which was granted by a Procedural Order issued on June 5, 2007.

13 On August 13, 2007, Vanco filed a revised application indicating that it desires to obtain a
14 CC&N to provide resold long distance and resold private line telecommunications services. Vanco's
15 revised application does not indicate that it desires authority to provide resold local exchange
16 telecommunications services.

17 On October 11, 2007, Staff filed two separate Staff Reports in this matter. In the Staff Report
18 related to Vanco's CC&N application, Staff recommended that a hearing be held.

19 On October 16, 2007, a Procedural Order was issued scheduling a hearing for November 26,
20 2007, and establishing other procedural deadlines.

21 On November 21, 2007, Vanco filed a Motion for Continuance, requesting that the November
22 26, 2007, hearing be continued for 60 days. The Motion was received by the Hearing Division on
23 November 23, 2007, and failed to make the showing of good cause required by Arizona
24 Administrative Code ("A.A.C.") R14-3-109(Q).

25 On November 26, 2007, a hearing was commenced as scheduled. Staff appeared through
26 counsel, and Vanco failed to appear. No members of the public appeared to make comments. At the
27 hearing, it was determined, with Staff's acquiescence, that it would be appropriate to grant a
28 continuance and to extend the Commission's time clock deadlines.

1 On November 27, 2007, a Procedural Order was issued scheduling a hearing on February 1,
2 2008; requiring that Vanco cause legal notice to be published by December 27, 2007; requiring that
3 Vanco file Affidavits of Publication by January 18, 2008; establishing other procedural deadlines;
4 and extending the Commission's time clock deadlines by 68 days.

5 On January 9, 2008, Vanco filed a Motion for Continuance, requesting that the hearing
6 scheduled for February 1, 2008, be continued for 60 days due to unspecified management changes.
7 Staff has not filed a response to Vanco's Motion for Continuance.

8 On January 18, 2008, Vanco filed Affidavits of Publication showing that legal notice of the
9 February 1, 2008, hearing date was published in the *Copper Basin News* on January 9, 2008; in the
10 *Green Valley News and Sun* on January 11, 2008; in the *East Valley/Scottsdale Tribune* on January
11 10, 11, and 12, 2008; and in the *Sedona Red Rock News* on January 11, 2008.

12 Although none of the legal notices were published in a timely manner, the fact that they were
13 published prior to the hearing date necessitates that the hearing on February 1, 2008, proceed to allow
14 for the taking of public comment from anyone who may desire to provide it. However, because the
15 legal notices were all published either on or after the stated deadline to file motions to intervene in
16 this matter, it would be inappropriate to proceed beyond the taking of public comment on February 1,
17 2008. For that reason, it is appropriate to continue the hearing in this matter.

18 Because it is unclear when Vanco will be ready to proceed to hearing, it is not appropriate to
19 reschedule the hearing in this matter at this time. Rather, it is appropriate to require Vanco to file an
20 update as to its readiness to proceed by April 1, 2008. In addition, Staff should be required to file
21 recommendations concerning how to proceed in this matter. Also, the Commission's time clock
22 deadlines in this matter should be suspended indefinitely.

23 IT IS THEREFORE ORDERED that the February 1, 2008, hearing in this matter shall
24 proceed only for the taking of public comment and is otherwise continued.

25 IT IS FURTHER ORDERED that Vanco shall, **by April 1, 2008**, file with the Commission an
26 update concerning its readiness to proceed in this matter. In its update, Vanco shall specifically state
27 whether Vanco is ready to proceed to hearing. If Vanco is not ready to proceed to hearing, Vanco
28 shall indicate whether it desires to withdraw its applications.

1 IT IS FURTHER ORDERED that Staff shall file recommendations concerning how to
2 proceed in this matter by **April 15, 2008**. In its recommendations, Staff shall address whether
3 Vanco's applications should be dismissed.

4 IT IS FURTHER ORDERED that the Commission's time clock deadlines in this matter are
5 suspended indefinitely.

6 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
7 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
8 *pro hac vice*.

9 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
10 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
11 Rules of the Arizona Supreme Court). Representation before the Commission includes appearing at
12 all hearings, procedural conferences, and Open Meetings at which the matter is scheduled for
13 discussion, unless counsel has previously been granted permission to withdraw by the Administrative
14 Law Judge or the Commission.

15 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113—Unauthorized
16 Communications) applies to this proceeding and shall remain in effect until the Commission's
17 Decision in this matter is final and non-appealable.

18 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
19 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

20 DATED this 24th day of January, 2008.

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24 SARAH N. HARPRING
25 ADMINISTRATIVE LAW JUDGE
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1 Copies of the foregoing mailed
2 this 24th day of January, 2008, to:

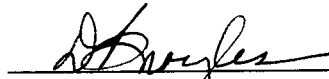
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21 By:

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23 Debra Broyles
24 Secretary to Sarah N. Harpring
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